



For Translation Purposes Only

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For Immediate Release

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Notice Concerning Property Acquisition

Nomura Real Estate Office Fund, Inc. (“Nomura Office Fund” or the “Fund”) announced today that it has determined, and agreed on with the seller, the acquisition of real estate, as briefly explained below.

1. Summary of the Asset (the “Property”)

- (1) Type of asset: Real estate
- (2) Property name: Secom Medical Building
- (3) Acquisition price: ¥11,500 million
- (4) Date of agreement: August 25, 2006 (date of agreement on purchase and sale of real estate)
- (5) Scheduled date of acquisition: September 1, 2006 (scheduled date of delivery of the real estate)
- (6) Seller: Nibancho Development TMK (refer to “5. Seller Profile” below)
- (7) Financing: Private fund and debt financing

2. Acquisition Background

Nibancho Development TMK, the seller of the Property, was established as a TMK (Tokutei Mokuteki Kaisha) under the inclination from Nomura Real Estate Development Co., Ltd. The Property was developed by the said TMK and was completed in February 2005.

Since the listing of the Fund, ‘Collaboration with Nomura Real Estate Group’ has been specified in the strategy for growth, and by receiving information concerning properties and various management expertises from the said Group, the Fund has been seeing steady growth.

The Property, through the collaboration mentioned above, upon the de-accession of the recently built property in the Central Tokyo Area, whose development was led by Nomura Real Estate Development Co., Ltd., the Fund received priority provision of information, and after fully considering the effects on the portfolio’s degree of diversification and disbursements, etc., it was decided that the Property would contribute to the enhancement of the portfolio, which then led to the acquisition.

The Fund, henceforth will aim to gain similar acquisition opportunities by collaborating with the Nomura Real Estate Group, and through the acquisition of good quality properties to secure stabilized mid-to-long term profits and the steady growth of the operating assets.

3. Grounds

Nomura Office Fund will acquire the Property in accordance with the Fund's policies as stipulated in its Articles of Incorporation. The Fund especially values the following factors.

- The Seller has executed a Fixed Term Building Lease Agreement for the Property with Secom Co., Ltd. until the end of February 2025, and in doing so enables a stable operation for the mid-to-long term. In addition, the Property is occupied by the urban-type advanced medical practice clinic 'Yotsuya Medical Cube', which is made up of multiple medical centers.
- The Property provides excellent access with a 5 minute walk from Yotsuya station (JR, Tokyo Metro Marunouchi, and Tokyo Metro Namboku Lines) and a 3 minute walk from Kojimachi station (Tokyo Metro Yurakucho Line). Also in regard to the building, which was completed in February 2005, the total floor area is approximately 8,600 sq. meters and the standard floor area is large enough to have approximately 890 sq. meters. In addition, the seismic isolation system has been adopted in the building structure. Under the Fixed Term Building Lease Agreement mentioned above, at the time of leaving by the current tenant, as the restoration of the building's original state as an office space has been agreed upon, with the location and building conditions described above, the Property has plenty of competitive advantage and appeal to satisfy a wide-range of tenant needs as an office building.

4. Property Summary

Property Name		Secom Medical Building
Type of Asset		Real estate
Location (Note 1)	Registry	7-7 Nibancho, Chiyoda-ku, Tokyo
	Street	7-7 Nibancho, Chiyoda-ku, Tokyo (Note 2)
Access		5 minute walk from Yotsuya Stn. on the JR Line and both the Tokyo Metro Marunouchi and Namboku Lines. Also a 3 minute walk from the Kojimachi Stn. on the Tokyo Metro Yurakucho Line.
Completion Date (Note 1)		February 8, 2005
Use (Note 1)		Clinic, parking space (Note 3)
Structure (Note 1)		S/SRC, B1/7F
Seismic Risk (PML) (Note 4)		4% (Shimizu Corporation's Engineering Seismic Risk Report dated August 10, 2006)
Architect		Nomura Real Estate Development Co., Ltd.
Structural Strength Calculator		Nomura Real Estate Development Co., Ltd.
Constructor		Toda Corporation
Building Inspection Agency		Japan ERI Co., Ltd. (Note 5)
Area (Note 1)	Land	1,844.44 sq. meters
	Building	8,683.73 sq. meters
Type of Ownership	Land	Ownership
	Building	Ownership
Building Coverage Ratio		90%, 70% (Note 6)
Floor Area Ratio		500%, 400% (Note 7)
Collateral		None

Property Management Company	Nomura Real Estate Development Co., Ltd. (Note 8)				
Notes	<ul style="list-style-type: none">• Nomura Real Estate Development Co., Ltd. is the related company of the Asset Management Company under the Investment and Trust Law.• The city plan to widen the road through the north side of the Property has been decided although it is not determined when the plan will be implemented. When the plan is implemented, the northern boundary line of the Property will be set back approximately 4 meters from the current boundary line and the land area will decrease by approximately 110 sq. meters.				
Acquisition Price	¥11,500 million				
Appraisal Value and Method	¥11,500 million (based on the capitalization approach, as of August 1, 2006) (Appraiser: Japan Real Estate Institute)				
Estimated NOI (Note 9)	¥454 million				
Leasing Status (As of August 25, 2006)					
Total number of Tenants	1				
Total Rental Income	- (Note 10)				
Security Deposits	- (Note 10)				
Occupancy Rate	100.0%				
Total Leased Floor Space	8,821.24 sq. meters				
Total Leasable Floor Space	8,821.24 sq. meters				
Occupancy Rates in the Past (Note 11)	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
	-	-	-	100.0%	100.0%

(Notes)

- Location and Several Other Items
Location (registry), Completion Date, Use, Structure and Areas are based on the information in the real estate registry.
- Street Address
The street address of the Property has not been allocated. Therefore, the address used for mailing is provided.
- Use of the Property and the Investment Standards of the Fund
Although the uses of the Property in the real estate registry are recorded as a medical clinic and parking space, the building was originally planned for office use. Under the Articles of Incorporation and the Investment Guidelines of the Fund, the Fund may invest in real estate-related assets which are not for office use but can be easily converted to office use.
- PML (Probable Maximum Loss)
PML shows the losses caused by a major earthquake, as a percentage of the expected recovery cost to the replacement cost. PML is calculated based on the statistical assumption that within next 475 years there is a 0.211% annual chance (10% probability of once every 50 years, i.e., average life time of buildings) of major earthquake occurring.
- Building Inspection Agency
Japan ERI Co., Ltd., provides the Property's building inspection, but as the Property is a seismic isolation building, the construction method, in accordance with the Building Standard Law's Article 68-26, paragraph 1, and meeting the provisions of Article 36, paragraph 2, Item 3 of the said Law, has been approved by the Minister of Land, Infrastructure and Transport as of September 12, 2003.
- Building Coverage Ratio
The basic building coverage ratios for the area within 30 meters from the scheduled northern boundary line after the widening of the road and for the remaining area are 80% and 60%, respectively. As the building is fire-resistant and located in the fire prevention area, the applicable ratios for the respective areas are increased to 90% and 70%. The actual applicable ratio for the entire site of the Property is the weighted average of such 2 ratios based on the spaces of the areas.
- Floor Area Ratio
The basic floor-area ratios for the area within 30 meters from the scheduled northern boundary line after the widening of the road and for the remaining area are 500% and 400%, respectively. The ratios are increased pursuant to Article 52, paragraph 9 of the Building Standards Law and the related ordinance since the Property is located near the Shinjuku-dori. The actual applicable ratio for the entire site of the Property is the weighted average of such increased ratios based on the spaces of the areas.
- Property Management Company
Refers to the Property Management Company that is scheduled to be appointed after the acquisition.

9. Estimated NOI
 NOI means the net operating income that is the gross income from the leasing operation less the total operation costs and expenses.
 Estimated NOI shows the forecast amount for one year without considering the special factors affecting the year of the acquisition and is calculated based on the following assumptions. It is not a forecast of the fiscal period ending October 31, 2006 or any other specific periods.
 (a) Occupancy rate: 100.0%
 (b) Tax amounts: same as those imposed in 2006 tax year.
10. Total Rental Income and Security Deposits
 Due to imperative circumstances, we are compelled to disclose this information.
11. Occupancy Rates
 Occupancy rates in the past are based on the information provided by the seller.

5. Seller Profile

Company Name	Nibancho Development TMK
Head Office	1-11 Kandajimbo-cho, Chiyoda-ku, Tokyo
Representative	Shigeru Sugimoto, Executive Director
Capital	¥100 thousand (as of August 25, 2006)
Principal Business	1. Purchase, management and disposition of specific assets, which abide by the asset liquidation plan based on the Law Regarding Liquidation of Assets (TMK Law). 2. Other incidental business on the liquidation of assets related to above.
Relationship with Nomura Real Estate Office Fund	Nibancho Development TMK, whose issued preferred shares are owned by Nomura Real Estate Development Co., Ltd., and with that fact and other circumstances, falls under the category of related parties, constituted by the Investment Trust Law.

6. Transaction with Related Parties

- (a) Acquisition of the Property
 The acquisition of the Property is considered a transaction with a related party under the Investment Trust Law. In addition, as the related party ("Related Party") of the Asset Management Company, Nomura Real Estate Development Co., Ltd. has been in a position to advise the seller in regard to the management and maintenance of the Property. To this end, the Asset Management Company determined the acquisition and the terms and conditions of the transaction, including the price, pursuant to the restrictions and formalities concerning the transactions with related parties as set forth in the Investment Trust Law and the Asset management Company's bylaws and duly authorized by the Compliance Committee and Investment Committee of the Asset Management Company.
- (b) Appointment of the Property Management
 The property management company, Nomura Real Estate Development Co. Ltd., is a Related Party under the Investment Trust Law. Nomura Office Fund and the Asset Management Company determined the consignment and the terms and conditions of the transaction, including the fees, pursuant to the restrictions and formalities concerning the transactions with related parties as set forth in the Investment Trust Law and the Asset Management Company's bylaws and duly authorized by the Compliance Committee and Investment Committee of the Asset Management Company.

7. Brokerage Profile

No Brokerage agency was used during the transaction of the Property.

8. Form of Payment

At the time of the turnover of the Property (scheduled on September 1, 2006), the Fund plans a package payment of the whole acquisition price, through private funds and debt financing.

9. Schedule for Acquisition

August 25, 2006	Execution of the agreement on purchase and sale of the real estate
September 1, 2006 (Scheduled)	Closing of the transaction and delivery of the real estate

10. Forecasts of Financial Results

Forecast of the financial results on the fiscal period ending October 31, 2006 for the Fund have not been changed due to the slight effect in acquisition of the Property.

【Exhibits】

Exhibit 1	Appraisal Summary
Exhibit 2	Portfolio after the Acquisition
Exhibit 3	Property Photo
Exhibit 4	Map

Appraisal Summary

Property Name	Secom Medical Building		
Appraisal Value	¥11,500,000,000		
Appraiser	Japan Real Estate Institute		
Appraisal Date	August 1, 2006		
(yen)			
Item	Amount or percentage	Grounds	
Capitalization approach price	11,500,000,000	In assessing appraisal approach, priorities were equally placed on both the discount cash flow approach and the direct capitalization approach, and the appraisal value was calculated in alignment with both prices.	
Price calculated by the direct capitalization approach	11,600,000,000		
(1) Gross income	529,620,000		
Rental Income (including common area charges and parking) : (a)-(b)	529,620,000		
(a) Potential gross rental income	529,620,000	Assumption based on the current lease agreement and the rent standard, which is deemed stable for long-medium term.	
(b) Losses due to vacancies, etc.	0	Assumption based on the continuance of the existing contract, allowing the occupancy rate to remain 100%.	
Utilities costs	0	No relevant costs.	
Other income	0	No relevant income to be included.	
(2) Total expenses	50,104,000		
Maintenance	0	Not included as it being the tenant's expense.	
Utilities cost	0	Not included as it being the tenant's expense.	
Property Management fee	7,944,000	Assumption based on the PM contract fee rate.	
Taxes	41,295,000	Assumption based on the Property's fixed asset tax, city-planning tax, and the depreciable assets tax, hereunder the 2006 Tax Rate.	
Insurance premium	865,000	Assumption based on the current insurance and the insurance rate of other buildings similar to the appraised Property.	
Other expenses	0		
(3) Net operating income from leasing business (NOI=(1)-(2))	479,516,000		
(4) Interest from security deposit	10,256,000	Assuming the interest rate being 2.0 % p.a.	
(5) Capital Expenditure Reserve	1,500,000	Assumption based on the Engineering Report prepared by the Takenaka Corporation, etc.	
(6) Net Cash Flow (NCF = (3)+(4)-(5))	488,272,000		
(7) Capitalization rate	4.2%	Assumption based on the comprehensive conditions of the location, building and contract (including the tenants) of the appraised Property.	
Price calculated by the Discounted Cash Flow Approach	11,400,000,000		
Discount rate	3.9%	Assumption based on the total distinctness of the appraised Property, and also taking into account of other similar return of interests during real estate transactions.	
Terminal capitalization rate	4.3%	Assumption based on the uncertainty of the rent trends after the end of the perceived investment period (10 years), and the risk factor in the growth of spending, due to the age related deterioration of the Property.	
Cost Approach Price	9,750,000,000		
Ratio of land	72.8%		
Ratio of building	27.2%		

Items considered for the adjustment of the results of derivations and determination of the appraised value	<p>The Property is an office building that is close to both Kojimachi Station and the Yotsuya Station, giving the recently built Property excellent convenience in access. Also, the standard floor's total leased floor space has approximately 990 sq. meters, which even in size is able to comply with tenants with need for a large rental space, and when compared to other similar properties, has sufficient market competitiveness as a regular office building.</p> <p>As for the current state of use as a clinic, with the train station close-by and with a suitable number of parking lots, making it convenient for not only the patients but the commuting clinic staff as well. In addition, located behind the Property is the Bancho residential area, giving the current clinic a advantageous location to meet the needs for the upscale middle-aged and older urban residents, most of who are regular patients. Therefore, in calculating appraisal value, the current long-term lease agreement with the company in good standing and the stability of the income being extremely high is taken into account.</p>
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Portfolio after Acquisition of the Property

Area	Property Name	Acquisition Price (Scheduled) (million yen)	Percentage to total (%) (Note 1)	Date of Acquisition (Scheduled)
Tokyo Central Area (Notes 2)	Shinjuku Nomura Building	38,730	14.9	December 8, 2003
	JAL Building	33,080	12.8	March 18, 2005
	NOF Nihonbashi Honcho Building	20,600	7.9	December 5, 2003
	Tennozu Park Side Building	14,800	5.7	February 27, 2004
	NOF Shibuya Koen-dori Building	12,000	4.6	September 28, 2004
	Secom Medical Building (Note 3)	11,500	4.4	September 1, 2006
	NOF Shiba Building	10,000	3.9	May 25, 2004
	Nishi-Shinjuku Showa Building	8,800	3.4	November 30, 2005
	Toshin Tameike Building	7,400	2.9	September 29, 2005
	Shinagawa NF Building	5,500	2.1	December 8, 2003
	Surugadai Plaza Building	5,150	2.0	February 27, 2004
	NOF Kanda Iwamoto-cho Building	3,080	1.2	February 26, 2004
	NOF Minami Shinjuku Building	2,280	0.9	June 25, 2004
	Total of Tokyo Central Area (13 properties)	172,920	66.7	
Vicinity of Tokyo (Note 2)	NOF Toyo-cho Building	7,550	2.9	December 5, 2003
	Technoport Kamata B Ridge	6,430	2.5	December 5, 2003
	Crystal Park Building	3,700	1.4	February 28, 2006
	Farlet Tachikawa Center Square	3,290	1.3	December 5, 2003
	NOF Kawasaki Higashiguchi Building	9,500	3.7	June 30, 2005
	NOF Yokohama Nishiguchi Building	5,050	1.9	May 12, 2005
	NOF Shin-Yokohama Building	3,600	1.4	December 5, 2003
	Total of Vicinity of Tokyo (7 properties)	39,120	15.1	
Other Cities (Note 2)	Sapporo North Plaza	6,820	2.6	June 1, 2006
	NOF Sendai Aoba-dori Building	3,200	1.2	November 30, 2005
	NOF Utsunomiya Building	2,970	1.1	December 5, 2003
	NOF Nagoya Yanagibashi Building	3,550	1.4	September 29, 2005
	NOF Midosuji Building	12,900	5.0	November 30, 2005
	Nomura Osaka Building	6,410	2.5	December 5, 2003
	Nomura Yotsubashi Building	3,940	1.5	December 5, 2003
	NOF Kobe Kaigan Building	3,280	1.3	December 5, 2003
	Hiroshima Chowa Building	2,100	0.8	November 30, 2005
	Nomura Hiroshima Building	1,930	0.7	December 5, 2003
	Total of Other Cities (10 properties)	47,100	18.2	
Total (30 properties)		259,140	100.0	

(Notes)

- Percentages have been rounded to the nearest first decimal place. Therefore, the total may not equal to 100%.
- Tokyo Central Area refers to Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku, Shinagawa-ku and Shibuya-ku.
Vicinity of Tokyo refers to other areas of metropolitan Tokyo and the surrounding three prefectures, which are Kanagawa-ken, Saitama-ken and Chiba-ken.
Other Cities refers to the major regional cities in the areas other than the Tokyo Central Area and the Vicinity of Tokyo.
- "Secom Medical Building" is included in the above table assuming that the Fund has acquired it. The purchase and sales agreement concerning the Property has been executed on August 25, 2006 and the property is scheduled to be acquired on September 1, 2006.

Photo



Map

